

HOUSE BILL No. 1333

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-13-2-20; IC 6-1.1; IC 6-3.5; IC 12-19.

Synopsis: State reimbursement of child services costs. Requires the department of child services to pay 100% of the expenditures made from a county's family and children's fund. Eliminates the duty of a county to enter into a temporary loan or issue bonds or other obligations to provide for the difference between the amount levied and the amount needed to pay for child services. Eliminates the duty of a county to impose a property tax levy for the county family and children's fund and reduces of any county adjusted gross income tax rate or county local option income tax rate that was imposed to fund the growth in the costs paid from the county family and children's fund. Makes an appropriation.

Effective: Upon passage; July 1, 2008; January 1, 2009.

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January 15, 2008, read first time and referred to Committee on Ways and Means.

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Second Regular Session 115th General Assembly (2008)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2007 Regular Session of the General Assembly.

HOUSE BILL No. 1333

A BILL FOR AN ACT to amend the Indiana Code concerning taxation and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 4-13-2-20, AS AMENDED BY P.L.234-2007,
2 SECTION 72, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JANUARY 1, 2009]: Sec. 20. (a) Except as otherwise provided in this
4 section, IC 12-17-19-19, **IC 12-19-7-35**, or IC 12-8-10-7, payment for
5 any services, supplies, materials, or equipment shall not be paid from
6 any fund or state money in advance of receipt of such services,
7 supplies, materials, or equipment by the state.

8 (b) With the prior approval of the budget agency, payment may be
9 made in advance for any of the following:

- 10 (1) War surplus property.
11 (2) Property purchased or leased from the United States
12 government or its agencies.
13 (3) Dues and subscriptions.
14 (4) License fees.
15 (5) Insurance premiums.
16 (6) Utility connection charges.
17 (7) Federal grant programs where advance funding is not



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prohibited and, except as provided in subsection (i), the contracting party posts sufficient security to cover the amount advanced.

(8) Grants of state funds authorized by statute.

(9) Employee expense vouchers.

(10) Beneficiary payments to the administrator of a program of self-insurance.

(11) Services, supplies, materials, or equipment to be received from an agency or from a body corporate and politic.

(12) Expenses for the operation of offices that represent the state under contracts with the Indiana economic development corporation and that are located outside Indiana.

(13) Services, supplies, materials, or equipment to be used for more than one (1) year under a discounted contractual arrangement funded through a designated leasing entity.

(14) Maintenance of equipment and maintenance of software if there are appropriate contractual safeguards for refunds as determined by the budget agency.

(15) Exhibits, artifacts, specimens, or other unique items of cultural or historical value or interest purchased by the state museum.

(c) Any agency and any state educational institution may make advance payments to its employees for duly accountable expenses exceeding ten dollars (\$10) incurred through travel approved by:

(1) the employee's respective agency director, in the case of an agency; and

(2) a duly authorized person, in the case of any state educational institution.

(d) The auditor of state may, with the approval of the budget agency and of the commissioner of the Indiana department of administration:

(1) appoint a special disbursing officer for any agency or group of agencies whenever it is necessary or expedient that a special record be kept of a particular class of disbursements or when disbursements are made from a special fund; and

(2) approve advances to the special disbursing officer or officers from any available appropriation for the purpose.

(e) The auditor of state shall issue the auditor's warrant to the special disbursing officer to be disbursed by the disbursing officer as provided in this section. Special disbursing officers shall in no event make disbursements or payments for supplies or current operating expenses of any agency or for contractual services or equipment not purchased or contracted for in accordance with this chapter and

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IC 5-22. No special disbursing officer shall be appointed and no money shall be advanced until procedures covering the operations of special disbursing officers have been adopted by the Indiana department of administration and approved by the budget agency. These procedures must include the following provisions:

(1) Provisions establishing the authorized levels of special disbursing officer accounts and establishing the maximum amount which may be expended on a single purchase from special disbursing officer funds without prior approval.

(2) Provisions requiring that each time a special disbursing officer makes an accounting to the auditor of state of the expenditure of the advanced funds, the auditor of state shall request that the Indiana department of administration review the accounting for compliance with IC 5-22.

(3) A provision that, unless otherwise approved by the commissioner of the Indiana department of administration, the special disbursing officer must be the same individual as the procurements agent under IC 4-13-1.3-5.

(4) A provision that each disbursing officer be trained by the Indiana department of administration in the proper handling of money advanced to the officer under this section.

(f) The commissioner of the Indiana department of administration shall cite in a letter to the special disbursing officer the exact purpose or purposes for which the money advanced may be expended.

(g) A special disbursing officer may issue a check to a person without requiring a certification under IC 5-11-10-1 if the officer:

(1) is authorized to make the disbursement; and

(2) complies with procedures adopted by the state board of accounts to govern the issuance of checks under this subsection.

(h) A special disbursing officer is not personally liable for a check issued under subsection (g) if:

(1) the officer complies with the procedures described in subsection (g); and

(2) funds are appropriated and available to pay the warrant.

(i) For contracts entered into between the department of workforce development or the Indiana commission for career and technical education and:

(1) a school corporation (as defined in IC 20-18-2-16); or

(2) a state educational institution;

the contracting parties are not required to post security to cover the amount advanced.

SECTION 2. IC 6-1.1-17-3, AS AMENDED BY P.L.219-2007,

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SECTION 49, AND AS AMENDED BY P.L.224-2007, SECTION 5, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE UPON PASSAGE]: Sec. 3. (a) The proper officers of a political subdivision shall formulate its estimated budget and its proposed tax rate and tax levy on the form prescribed by the department of local government finance and approved by the state board of accounts. The political subdivision shall give notice by publication to taxpayers of:

- (1) the estimated budget;
- (2) the estimated maximum permissible levy;
- (3) the current and proposed tax levies of each fund; and
- (4) the amounts of excessive levy appeals to be requested.

In the notice, the political subdivision shall also state the time and place at which a public hearing will be held on these items. The notice shall be published twice in accordance with IC 5-3-1 with the first publication at least ten (10) days before the date fixed for the public hearing. Beginning in 2009, the duties required by this subsection must be completed before August 10 of the calendar year. A political subdivision shall provide the estimated budget and levy information required for the notice under subsection (b) to the county auditor on the schedule determined by the department of local government finance.

(b) Beginning in 2009, before August 10 of a calendar year, the county auditor shall mail to the last known address of each person liable for any property taxes, as shown on the tax duplicate, or to the last known address of the most recent owner shown in the transfer book, a statement that includes:

- (1) the assessed valuation as of the assessment date in the current calendar year of tangible property on which the person will be liable for property taxes first due and payable in the immediately succeeding calendar year and notice to the person of the opportunity to appeal the assessed valuation under ~~IC 6-1.1-15-1(b)~~; IC 6-1.1-15-1(c);

- (2) the amount of property taxes for which the person will be liable to each political subdivision on the tangible property for taxes first due and payable in the immediately succeeding calendar year, taking into account all factors that affect that liability, including:

- (A) the estimated budget and proposed tax rate and tax levy formulated by the political subdivision under subsection (a);
- (B) any deductions or exemptions that apply to the assessed valuation of the tangible property;
- (C) any credits that apply in the determination of the tax

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liability; and

(D) the county auditor's best estimate of the effects on the tax liability that might result from actions of:

(i) the county board of tax adjustment *(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)*; or

(ii) the department of local government finance;

(3) a prominently displayed notation that:

(A) the estimate under subdivision (2) is based on the best information available at the time the statement is mailed; and

(B) based on various factors, including potential actions by:

(i) the county board of tax adjustment *(before January 1, 2009) or the county board of tax and capital projects review (after December 31, 2008)*; or

(ii) the department of local government finance;

it is possible that the tax liability as finally determined will differ substantially from the estimate;

(4) comparative information showing the amount of property taxes for which the person is liable to each political subdivision on the tangible property for taxes first due and payable in the current year; and

(5) the date, time, and place at which the political subdivision will hold a public hearing on the political subdivision's estimated budget and proposed tax rate and tax levy as required under subsection (a).

(c) The department of local government finance shall:

(1) prescribe a form for; and

(2) provide assistance to county auditors in preparing;

statements under subsection (b). Mailing the statement described in subsection (b) to a mortgagee maintaining an escrow account for a person who is liable for any property taxes shall not be construed as compliance with subsection (b).

(d) The board of directors of a solid waste management district established under IC 13-21 or IC 13-9.5-2 (before its repeal) may conduct the public hearing required under subsection (a):

(1) in any county of the solid waste management district; and

(2) in accordance with the annual notice of meetings published under IC 13-21-5-2.

(e) The trustee of each township in the county shall estimate the amount necessary to meet the cost of township assistance in the township for the ensuing calendar year. The township board shall adopt with the township budget a tax rate sufficient to meet the estimated cost

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of township assistance. The taxes collected as a result of the tax rate adopted under this subsection are credited to the township assistance fund.

(f) A county shall adopt with the county budget and the department of local government finance shall certify under section 16 of this chapter a tax rate sufficient to raise the levy necessary to pay the following:

~~(1) The cost of child services (as defined in IC 12-19-7-1) of the county payable from the family and children's fund;~~

~~(2) The cost of children's psychiatric residential treatment services (as defined in IC 12-19-7.5-1) of the county payable from the children's psychiatric residential treatment services fund.~~

A budget, tax rate, or tax levy adopted by a county fiscal body or approved or modified by a county board of tax adjustment that is less than the levy necessary to pay the costs described in ~~subdivision (1) or (2)~~ **this subsection** shall not be treated as a final budget, tax rate, or tax levy under section 11 of this chapter.

SECTION 3. IC 6-1.1-17-14, AS AMENDED BY P.L.224-2007, SECTION 15, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 14. The county auditor shall initiate an appeal to the department of local government finance if the county fiscal body, the county board of tax adjustment (before January 1, 2009), or the county board of tax and capital projects review (after December 31, 2008) reduces:

(1) a township assistance tax rate below the rate necessary to meet the estimated cost of township assistance;

~~(2) a family and children's fund tax rate below the rate necessary to collect the levy recommended by the department of child services; or~~

~~(3) (2) a children's psychiatric residential treatment services fund tax rate below the rate necessary to collect the levy recommended by the department of child services.~~

SECTION 4. IC 6-1.1-18-3, AS AMENDED BY P.L.224-2007, SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 3. (a) Except as provided in subsection (b), the sum of all tax rates for all political subdivisions imposed on tangible property within a political subdivision may not exceed:

(1) forty-one and sixty-seven hundredths cents (\$0.4167) on each one hundred dollars (\$100) of assessed valuation in territory outside the corporate limits of a city or town; or

(2) sixty-six and sixty-seven hundredths cents (\$0.6667) on each one hundred dollars (\$100) of assessed valuation in territory

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inside the corporate limits of a city or town.

(b) The proper officers of a political subdivision shall fix tax rates which are sufficient to provide funds for the purposes itemized in this subsection. The portion of a tax rate fixed by a political subdivision shall not be considered in computing the tax rate limits prescribed in subsection (a) if that portion is to be used for one (1) of the following purposes:

(1) To pay the principal or interest on a funding, refunding, or judgment funding obligation of the political subdivision.

(2) To pay the principal or interest on an outstanding obligation issued by the political subdivision if notice of the sale of the obligation was published before March 9, 1937.

(3) To pay the principal or interest upon:

(A) an obligation issued by the political subdivision to meet an emergency which results from a flood, fire, pestilence, war, or any other major disaster; or

(B) a note issued under IC 36-2-6-18, IC 36-3-4-22, IC 36-4-6-20, or IC 36-5-2-11 to enable a city, town, or county to acquire necessary equipment or facilities for municipal or county government.

(4) To pay the principal or interest upon an obligation issued in the manner provided in IC 6-1.1-20-3 (before its repeal) or IC 6-1.1-20-3.1 through IC 6-1.1-20-3.2.

(5) To pay a judgment rendered against the political subdivision.

~~(6) To meet the requirements of the family and children's fund for child services (as defined in IC 12-19-7-1).~~

~~(7) (6)~~ To meet the requirements of the county hospital care for the indigent fund.

~~(8) (7)~~ To meet the requirements of the children's psychiatric residential treatment services fund for children's psychiatric residential treatment services (as defined in IC 12-19-7.5-1).

(c) Except as otherwise provided in IC 6-1.1-19, IC 6-1.1-18.5, IC 20-45, or IC 20-46, a county board of tax adjustment (before January 1, 2009), a county board of tax and capital projects review (after December 31, 2008), a county auditor, or the department of local government finance may review the portion of a tax rate described in subsection (b) only to determine if it exceeds the portion actually needed to provide for one (1) of the purposes itemized in that subsection.

SECTION 5. IC 6-1.1-18.5-9.7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 9.7. (a) The ad valorem property tax levy limits imposed by section 3 of this chapter

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do not apply to ad valorem property taxes imposed under any of the following:

(1) IC 12-16, except IC 12-16-1.

(2) IC 12-19-5.

~~(3) IC 12-19-7.~~

~~(4)~~ (3) IC 12-19-7.5.

~~(5)~~ (4) IC 12-20-24.

(b) For purposes of computing the ad valorem property tax levy limits imposed under section 3 of this chapter, a county's or township's ad valorem property tax levy for a particular calendar year does not include that part of the levy imposed under the citations listed in subsection (a).

~~(c) Section 8(b) of this chapter does not apply to bonded indebtedness that will be repaid through property taxes imposed under IC 12-19.~~

SECTION 6. IC 6-1.1-21-2, AS AMENDED BY P.L.1-2007, SECTION 45, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 2. As used in this chapter:

(a) "Taxpayer" means a person who is liable for taxes on property assessed under this article.

(b) "Taxes" means property taxes payable in respect to property assessed under this article. The term does not include special assessments, penalties, or interest, but does include any special charges which a county treasurer combines with all other taxes in the preparation and delivery of the tax statements required under IC 6-1.1-22-8(a).

(c) "Department" means the department of state revenue.

(d) "Auditor's abstract" means the annual report prepared by each county auditor which under IC 6-1.1-22-5 is to be filed each year with the auditor of state.

(e) "Mobile home assessments" means the assessments of mobile homes made under IC 6-1.1-7.

(f) "Postabstract adjustments" means adjustments in taxes made subsequent to the filing of an auditor's abstract which change assessments therein or add assessments of omitted property affecting taxes for such assessment year.

(g) "Total county tax levy" means the sum of:

(1) the remainder of:

(A) the aggregate levy of all taxes for all taxing units in a county which are to be paid in the county for a stated assessment year as reflected by the auditor's abstract for the assessment year, adjusted, however, for any postabstract

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adjustments which change the amount of the aggregate levy;
minus

(B) the sum of any increases in property tax levies of taxing
units of the county that result from appeals described in:

(i) IC 6-1.1-18.5-13(4) and IC 6-1.1-18.5-13(5) filed after
December 31, 1982; plus

(ii) the sum of any increases in property tax levies of taxing
units of the county that result from any other appeals
described in IC 6-1.1-18.5-13 filed after December 31,
1983; plus

(iii) IC 6-1.1-18.6-3 (children in need of services and
delinquent children who are wards of the county) (before its
repeal); minus

(C) the total amount of property taxes imposed for the stated
assessment year by the taxing units of the county under the
authority of IC 12-1-11.5 (repealed), IC 12-2-4.5 (repealed),
IC 12-19-5, or IC 12-20-24; minus

(D) the total amount of property taxes to be paid during the
stated assessment year that will be used to pay for interest or
principal due on debt that:

(i) is entered into after December 31, 1983;

(ii) is not debt that is issued under IC 5-1-5 to refund debt
incurred before January 1, 1984; and

(iii) does not constitute debt entered into for the purpose of
building, repairing, or altering school buildings for which
the requirements of IC 20-5-52 (repealed) were satisfied
prior to January 1, 1984; minus

(E) the amount of property taxes imposed in the county for the
stated assessment year under the authority of IC 21-2-6
(repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a
cumulative building fund whose property tax rate was initially
established or reestablished for a stated assessment year that
succeeds the 1983 stated assessment year; minus

(F) the remainder of:

(i) the total property taxes imposed in the county for the
stated assessment year under authority of IC 21-2-6
(repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a
cumulative building fund whose property tax rate was not
initially established or reestablished for a stated assessment
year that succeeds the 1983 stated assessment year; minus

(ii) the total property taxes imposed in the county for the
1984 stated assessment year under the authority of IC 21-2-6

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(repealed) or any citation listed in IC 6-1.1-18.5-9.8 for a cumulative building fund whose property tax rate was not initially established or reestablished for a stated assessment year that succeeds the 1983 stated assessment year; minus (G) the amount of property taxes imposed in the county for the stated assessment year under:

(i) IC 21-2-15 (before its repeal) or IC 20-46-6 for a capital projects fund; plus

(ii) IC 6-1.1-19-10 (before its repeal) or IC 20-46-3 for a racial balance fund; plus

(iii) IC 36-12-12 for a library capital projects fund; plus

(iv) IC 36-10-13-7 for an art association fund; plus

(v) IC 21-2-17 (before its repeal) or IC 20-46-2 for a special education preschool fund; plus

(vi) IC 21-2-11.6 (before its repeal) or IC 20-46-1 for a referendum tax levy fund; plus

(vii) an appeal filed under IC 6-1.1-19-5.1 (before its repeal) or IC 20-45-6-8 for an increase in a school corporation's maximum permissible tuition support levy for certain transfer tuition costs; plus

(viii) an appeal filed under IC 6-1.1-19-5.4 (before its repeal) or IC 20-46-4-10 for an increase in a school corporation's maximum permissible transportation fund levy for transportation operating costs; minus

(H) the amount of property taxes imposed by a school corporation that is attributable to the passage, after 1983, of a referendum for an excessive tax levy under IC 6-1.1-19-4.5 (before its repeal), including any increases in these property taxes that are attributable to the adjustment set forth in IC 6-1.1-19-1.5 (before its repeal), IC 20-45-3, or any other law; minus

(I) for each township in the county, the lesser of:

(i) the sum of the amount determined in IC 6-1.1-18.5-19(a) STEP THREE (as effective January 1, 1990) or IC 6-1.1-18.5-19(b) STEP THREE (as effective January 1, 1990), whichever is applicable, plus the part, if any, of the township's ad valorem property tax levy for calendar year 1989 that represents increases in that levy that resulted from an appeal described in IC 6-1.1-18.5-13(4) (as effective before January 1, 1989), filed after December 31, 1982; or

(ii) the amount of property taxes imposed in the township for the stated assessment year under the authority of

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- 1 IC 36-8-13-4; minus
- 2 (J) for each participating unit in a fire protection territory
- 3 established under IC 36-8-19-1, the amount of property taxes
- 4 levied by each participating unit under IC 36-8-19-8 and
- 5 IC 36-8-19-8.5 less the maximum levy limit for each of the
- 6 participating units that would have otherwise been available
- 7 for fire protection services under IC 6-1.1-18.5-3 and
- 8 IC 6-1.1-18.5-19 for that same year; ~~minus~~
- 9 (K) for each county, the sum of:
- 10 (i) the amount of property taxes imposed in the county for
- 11 the repayment of loans under IC 12-19-5-6 (repealed) that is
- 12 included in the amount determined under IC 12-19-7-4(a)
- 13 STEP SEVEN (as effective January 1, 1995) for property
- 14 taxes payable in 1995; or for property taxes payable in each
- 15 year after 1995; the amount determined under
- 16 IC 12-19-7-4(b) (as effective before March 16, 2004) and
- 17 IC 12-19-7-4 (as effective after March 15, 2004); and
- 18 (ii) the amount of property taxes imposed in the county
- 19 attributable to appeals granted under IC 6-1.1-18.6-3 (before
- 20 its repeal) that is included in the amount determined under
- 21 IC 12-19-7-4(a) STEP SEVEN (as effective January 1,
- 22 1995) for property taxes payable in 1995; or the amount
- 23 determined under IC 12-19-7-4(b) (as effective before
- 24 March 16, 2004) and IC 12-19-7-4 (as effective after March
- 25 15, 2004) for property taxes payable in each year after 1995;
- 26 plus
- 27 (2) all taxes to be paid in the county in respect to mobile home
- 28 assessments currently assessed for the year in which the taxes
- 29 stated in the abstract are to be paid; plus
- 30 (3) the amounts, if any, of county adjusted gross income taxes that
- 31 were applied by the taxing units in the county as property tax
- 32 replacement credits to reduce the individual levies of the taxing
- 33 units for the assessment year, as provided in IC 6-3.5-1.1; plus
- 34 (4) the amounts, if any, by which the maximum permissible ad
- 35 valorem property tax levies of the taxing units of the county were
- 36 reduced under IC 6-1.1-18.5-3(b) STEP EIGHT for the stated
- 37 assessment year; plus
- 38 (5) the difference between:
- 39 (A) the amount determined in IC 6-1.1-18.5-3(e) STEP FOUR;
- 40 minus
- 41 (B) the amount the civil taxing units' levies were increased
- 42 because of the reduction in the civil taxing units' base year

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- 1 certified shares under IC 6-1.1-18.5-3(e).
- 2 (h) "December settlement sheet" means the certificate of settlement
3 filed by the county auditor with the auditor of state, as required under
4 IC 6-1.1-27-3.
- 5 (i) "Tax duplicate" means the roll of property taxes that each county
6 auditor is required to prepare each year under IC 6-1.1-22-3.
- 7 (j) "Eligible property tax replacement amount" is, except as
8 otherwise provided by law, equal to the sum of the following:
- 9 (1) Sixty percent (60%) of the total county tax levy imposed by
10 each school corporation in a county for its general fund for a
11 stated assessment year.
- 12 (2) Twenty percent (20%) of the total county tax levy (less sixty
13 percent (60%) of the levy for the general fund of a school
14 corporation that is part of the total county tax levy) imposed in a
15 county on real property for a stated assessment year.
- 16 (3) Twenty percent (20%) of the total county tax levy (less sixty
17 percent (60%) of the levy for the general fund of a school
18 corporation that is part of the total county tax levy) imposed in a
19 county on tangible personal property, excluding business personal
20 property, for an assessment year.
- 21 (k) "Business personal property" means tangible personal property
22 (other than real property) that is being:
- 23 (1) held for sale in the ordinary course of a trade or business; or
24 (2) held, used, or consumed in connection with the production of
25 income.
- 26 (l) "Taxpayer's property tax replacement credit amount" means,
27 except as otherwise provided by law, the sum of the following:
- 28 (1) Sixty percent (60%) of a taxpayer's tax liability in a calendar
29 year for taxes imposed by a school corporation for its general fund
30 for a stated assessment year.
- 31 (2) Twenty percent (20%) of a taxpayer's tax liability for a stated
32 assessment year for a total county tax levy (less sixty percent
33 (60%) of the levy for the general fund of a school corporation that
34 is part of the total county tax levy) on real property.
- 35 (3) Twenty percent (20%) of a taxpayer's tax liability for a stated
36 assessment year for a total county tax levy (less sixty percent
37 (60%) of the levy for the general fund of a school corporation that
38 is part of the total county tax levy) on tangible personal property
39 other than business personal property.
- 40 (m) "Tax liability" means tax liability as described in section 5 of
41 this chapter.
- 42 (n) "General school operating levy" means the ad valorem property

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1 tax levy of a school corporation in a county for the school corporation's
2 general fund.

3 (o) "Board" refers to the property tax replacement fund board
4 established under section 10 of this chapter.

5 SECTION 7. IC 6-1.1-21-5, AS AMENDED BY P.L.219-2007,
6 SECTION 63, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
7 JANUARY 1, 2009]: Sec. 5. (a) Each year the taxpayers of each county
8 shall receive a credit for property tax replacement in the amount of
9 each taxpayer's property tax replacement credit amount for taxes
10 which:

11 (1) under IC 6-1.1-22-9 are due and payable in that year; or

12 (2) under IC 6-1.1-22-9.5 are due in installments established by
13 the department of local government finance for that year.

14 The credit shall be applied to each installment of taxes. The dollar
15 amount of the credit for each taxpayer shall be determined by the
16 county auditor, based on data furnished by the department of local
17 government finance.

18 (b) The tax liability of a taxpayer for the purpose of computing the
19 credit for a particular year shall be based upon the taxpayer's tax
20 liability as is evidenced by the tax duplicate for the taxes payable in
21 that year, plus the amount by which the tax payable by the taxpayer had
22 been reduced due to the application of county adjusted gross income
23 tax revenues to the extent the county adjusted gross income tax
24 revenues were included in the determination of the total county tax levy
25 for that year, as provided in sections 2(g) and 3 of this chapter,
26 adjusted, however, for any change in assessed valuation which may
27 have been made pursuant to a post-abstract adjustment if the change is
28 set forth on the tax statement or on a corrected tax statement stating the
29 taxpayer's tax liability, as prepared by the county treasurer in
30 accordance with IC 6-1.1-22-8(a). However, except when using the
31 term under section 2(l)(1) of this chapter, the tax liability of a taxpayer
32 does not include the amount of any property tax owed by the taxpayer
33 that is attributable to that part of any property tax levy subtracted under
34 section 2(g)(1)(B), 2(g)(1)(C), 2(g)(1)(D), 2(g)(1)(E), 2(g)(1)(F),
35 2(g)(1)(G), 2(g)(1)(H), 2(g)(1)(I), ~~or 2(g)(1)(J) or 2(g)(1)(K)~~ of this
36 chapter in computing the total county tax levy.

37 (c) The credit for taxes payable in a particular year with respect to
38 mobile homes which are assessed under IC 6-1.1-7 is equivalent to the
39 taxpayer's property tax replacement credit amount for the taxes payable
40 with respect to the assessments plus the adjustments stated in this
41 section.

42 (d) Each taxpayer in a taxing district that contains all or part of an

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economic development district that meets the requirements of section 5.5 of this chapter is entitled to an additional credit for property tax replacement. This credit is equal to the product of:

- (1) the STEP TWO quotient determined under section 4(a)(3) of this chapter for the taxing district; multiplied by
- (2) the taxpayer's taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5.

SECTION 8. IC 6-1.1-29-9, AS AMENDED BY P.L.224-2007, SECTION 51, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 9. (a) This subsection expires December 31, 2008. A county council may adopt an ordinance to abolish the county board of tax adjustment. This ordinance must be adopted by July 1 and may not be rescinded in the year it is adopted. Notwithstanding IC 6-1.1-17, IC 6-1.1-18, IC 20-45, IC 20-46, ~~IC 12-19-7~~, IC 12-19-7.5, IC 36-8-6, IC 36-8-7, IC 36-8-7.5, IC 36-8-11, IC 36-9-3, IC 36-9-4, and IC 36-9-13, if such an ordinance is adopted, this section governs the treatment of tax rates, tax levies, and budgets that would otherwise be reviewed by a county board of tax adjustment under IC 6-1.1-17.

(b) This subsection applies after December 31, 2008. Subject to subsection (e), a county board of tax and capital projects review may not review or modify tax rates, tax levies, and budgets if the county council:

- (1) adopts an ordinance to abolish the county board of tax adjustment before January 1, 2009; or
- (2) adopts an ordinance before July 2 of any year to prohibit the county board of tax and capital projects review from carrying out such reviews.

An ordinance described in this subsection may not be rescinded in the year it is adopted. Notwithstanding IC 6-1.1-17, IC 6-1.1-18, IC 8-18-21-13, IC 12-19-7, IC 12-19-7.5, IC 14-30-2-19, IC 14-30-4-16, IC 14-33-9-1, IC 20-45, IC 20-46, IC 36-7-15.1-26.9, IC 36-8-6, IC 36-8-7, IC 36-8-7.5, IC 36-8-11, IC 36-9-3, IC 36-9-4, and IC 36-9-13, if such an ordinance is adopted and has not been rescinded, this section governs the treatment of tax rates, tax levies, and budgets that would otherwise be reviewed by a county board of tax and capital projects review. If an ordinance described in subdivision (1) or (2) has been adopted in a county and has not been rescinded, the county board of tax and capital projects review may not review tax rates, tax levies, and budgets (other than for capital projects) under IC 6-1.1-17-3, IC 6-1.1-17-5, IC 6-1.1-17-5.6, IC 6-1.1-17-6, IC 6-1.1-17-7, IC 6-1.1-17-9, IC 6-1.1-17-10, IC 6-1.1-17-11, IC 6-1.1-17-12, IC 6-1.1-17-14, IC 6-1.1-17-15, IC 6-1.1-29-4(a),

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1 IC 8-18-21-13, ~~IC 12-19-7~~, IC 12-19-7.5, IC 14-30-2-19,
 2 IC 14-30-4-16, IC 14-33-9-1, IC 20-45, IC 20-46, IC 36-7-15.1-26.9,
 3 IC 36-8-6, IC 36-8-7, IC 36-8-7.5, IC 36-8-11, IC 36-9-3, IC 36-9-4, or
 4 IC 36-9-13.

5 (c) The time requirements set forth in IC 6-1.1-17 govern all filings
 6 and notices.

7 (d) If an ordinance described in subsection (a) or (b) is adopted and
 8 has not been rescinded, a tax rate, tax levy, or budget that otherwise
 9 would be reviewed by the county board of tax adjustment (before
 10 January 1, 2009) or the county board of tax and capital projects review
 11 (after December 31, 2008) is considered and must be treated for all
 12 purposes as if the county board of tax adjustment approved the tax rate,
 13 tax levy, or budget. This includes the notice of tax rates that is required
 14 under IC 6-1.1-17-12.

15 (e) This section does not prohibit a county board of tax and capital
 16 projects review from reviewing tax rates, tax levies, and budgets for
 17 informational purposes as necessary to carry out its duties under
 18 IC 6-1.1-29.5.

19 SECTION 9. IC 6-3.5-1.1-9, AS AMENDED BY P.L.224-2007,
 20 SECTION 61, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 21 JANUARY 1, 2009]: Sec. 9. (a) Revenue derived from the imposition
 22 of the county adjusted gross income tax shall, in the manner prescribed
 23 by this section, be distributed to the county that imposed it. The amount
 24 to be distributed to a county during an ensuing calendar year equals the
 25 amount of county adjusted gross income tax revenue that the
 26 department, after reviewing the recommendation of the budget agency,
 27 determines has been:

28 (1) received from that county for a taxable year ending before the
 29 calendar year in which the determination is made; and

30 (2) reported on an annual return or amended return processed by
 31 the department in the state fiscal year ending before July 1 of the
 32 calendar year in which the determination is made;

33 as adjusted (as determined after review of the recommendation of the
 34 budget agency) for refunds of county adjusted gross income tax made
 35 in the state fiscal year.

36 (b) Before August 2 of each calendar year, the department, after
 37 reviewing the recommendation of the budget agency, shall certify to the
 38 county auditor of each adopting county the amount determined under
 39 subsection (a) plus the amount of interest in the county's account that
 40 has accrued and has not been included in a certification made in a
 41 preceding year. The amount certified is the county's "certified
 42 distribution" for the immediately succeeding calendar year. The amount

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certified shall be adjusted under subsections (c), (d), (e), (f), (g), and (h). The department shall provide with the certification an informative summary of the calculations used to determine the certified distribution. The department shall also certify information concerning the part of the certified distribution that is attributable to a tax rate under section 24, 25, or 26 of this chapter. This information must be certified to the county auditor and to the department of local government finance not later than September 1 of each calendar year. The part of the certified distribution that is attributable to a tax rate under section 24, 25, or 26 of this chapter may be used only as specified in those provisions.

(c) The department shall certify an amount less than the amount determined under subsection (b) if the department, after reviewing the recommendation of the budget agency, determines that the reduced distribution is necessary to offset overpayments made in a calendar year before the calendar year of the distribution. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any overpayments are offset over several years rather than in one (1) lump sum.

(d) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any previous certification under this section. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(e) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide the county with the distribution required under section 10(b) of this chapter.

(f) This subsection applies to a county that:

- (1) initially imposes the county adjusted gross income tax; or
- (2) increases the county adjusted income tax rate;

under this chapter in the same calendar year in which the department makes a certification under this section. The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in subsection (a)(1) through

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(a)(2) in the manner provided in subsection (c).

(g) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide the county with the distribution required under section 3.3 of this chapter beginning not later than the tenth month after the month in which additional revenue from the tax authorized under section 3.3 of this chapter is initially collected.

(h) This subsection applies in the year in which a county initially imposes a tax rate under section 24 of this chapter. Notwithstanding any other provision, the department shall adjust the part of the county's certified distribution that is attributable to the tax rate under section 24 of this chapter to provide for a distribution in the immediately following calendar year equal to the result of:

(1) the sum of the amounts determined under STEP ONE through STEP ~~FOUR~~ **THREE** of IC 6-3.5-1.5-1(a) in the year in which the county initially imposes a tax rate under section 24 of this chapter; multiplied by

(2) two (2).

SECTION 10. IC 6-3.5-1.1-24, AS ADDED BY P.L.224-2007, SECTION 66, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 24. (a) In a county in which the county adjusted gross income tax is in effect, the county council may, before August 1 of a year, adopt an ordinance to impose or increase (as applicable) a tax rate under this section.

(b) In a county in which neither the county adjusted gross income tax nor the county option income tax is in effect, the county council may, before August 1 of a year, adopt an ordinance to impose a tax rate under this section.

(c) An ordinance adopted under this section takes effect October 1 of the year in which the ordinance is adopted. If a county council adopts an ordinance to impose or increase a tax rate under this section, the county auditor shall send a certified copy of the ordinance to the department and the department of local government finance by certified mail.

(d) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(e) The following apply only in the year in which a county council first imposes a tax rate under this section.

(1) The county council shall, in the ordinance imposing the tax rate, specify the tax rate for each of the following two (2) years.

(2) The tax rate that must be imposed in the county from October

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1 of the year in which the tax rate is imposed through September 30 of the following year is equal to the result of:

- (A) the tax rate determined for the county under IC 6-3.5-1.5-1(a) in the year in which the tax rate is increased; multiplied by
- (B) two (2).

(3) The tax rate that must be imposed in the county from October 1 of the following year through September 30 of the year after the following year is the tax rate determined for the county under IC 6-3.5-1.5-1(b). The tax rate under this subdivision continues in effect in later years unless the tax rate is increased under this section.

(4) The levy limitations in IC 6-1.1-18.5-3(g), IC 6-1.1-18.5-3(h), ~~IC 12-19-7-4(b)~~, IC 12-19-7.5-6(b), and IC 12-29-2-2(c) apply to property taxes first due and payable in the ensuing calendar year and to property taxes first due and payable in the calendar year after the ensuing calendar year.

(f) The following apply only in a year in which a county council increases a tax rate under this section:

(1) The county council shall, in the ordinance increasing the tax rate, specify the tax rate for the following year.

(2) The tax rate that must be imposed in the county from October 1 of the year in which the tax rate is increased through September 30 of the following year is equal to the result of:

- (A) the tax rate determined for the county under IC 6-3.5-1.5-1(a) in that year; plus
- (B) the tax rate currently in effect in the county under this section.

The tax rate under this subdivision continues in effect in later years unless the tax rate is increased under this section.

(3) The levy limitations in IC 6-1.1-18.5-3(g), IC 6-1.1-18.5-3(h), ~~IC 12-19-7-4(b)~~, IC 12-19-7.5-6(b), and IC 12-29-2-2(c) apply to property taxes first due and payable in the ensuing calendar year.

(g) The department of local government finance shall determine the following property tax replacement distribution amounts:

STEP ONE: Determine the sum of the amounts determined under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) for the county in the preceding year.

STEP TWO: For distribution to each civil taxing unit that in the year had a maximum permissible property tax levy limited under IC 6-1.1-18.5-3(g), determine the result of:

- (1) the quotient of:

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(A) the part of the amount determined under STEP ONE of IC 6-3.5-1.5-1(a) in the preceding year that was attributable to the civil taxing unit; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

~~STEP THREE:~~ For distribution to the county for deposit in the county family and children's fund, determine the result of:

(1) the quotient of:

(A) the amount determined under ~~STEP TWO~~ of IC 6-3.5-1.5-1(a) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

~~STEP FOUR:~~ **THREE:** For distribution to the county for deposit in the county children's psychiatric residential treatment services fund, determine the result of:

(1) the quotient of:

(A) the amount determined under ~~STEP THREE~~ **TWO** of IC 6-3.5-1.5-1(a) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

~~STEP FIVE:~~ **FOUR:** For distribution to the county for community mental health center purposes, determine the result of:

(1) the quotient of:

(A) the amount determined under ~~STEP FOUR~~ **THREE** of IC 6-3.5-1.5-1(a) in the preceding year; divided by

(B) the STEP ONE amount; multiplied by

(2) the tax revenue received by the county treasurer under this section.

Except as provided in subsection (m), the county treasurer shall distribute the portion of the certified distribution that is attributable to a tax rate under this section as specified in this section. The county treasurer shall make the distributions under this subsection at the same time that distributions are made to civil taxing units under section 15 of this chapter.

(h) Notwithstanding sections 3.1 and 4 of this chapter, a county council may not decrease or rescind a tax rate imposed under this chapter.

(i) The tax rate under this section shall not be considered for purposes of computing:

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(1) the maximum income tax rate that may be imposed in a county under section 2 of this chapter or any other provision of this chapter; or

(2) the maximum permissible property tax levy under STEP EIGHT of IC 6-1.1-18.5-3(b).

(j) The tax levy under this section shall not be considered for purposes of computing the total county tax levy under IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5).

(k) A distribution under this section shall be treated as a part of the receiving civil taxing unit's property tax levy for that year for purposes of fixing the budget of the civil taxing unit and for determining the distribution of taxes that are distributed on the basis of property tax levies.

(l) If a county council imposes a tax rate under this section, the portion of county adjusted gross income tax revenue dedicated to property tax replacement credits under section 11 of this chapter may not be decreased.

(m) In the year following the year in a which a county first imposes a tax rate under this section, one-half (1/2) of the tax revenue that is attributable to the tax rate under this section must be deposited in the county stabilization fund established under subsection (o).

(n) A pledge of county adjusted gross income taxes does not apply to revenue attributable to a tax rate under this section.

(o) A county stabilization fund is established in each county that imposes a tax rate under this section. The county stabilization fund shall be administered by the county auditor. If for a year the certified distributions attributable to a tax rate under this section exceed the amount calculated under STEP ONE through STEP ~~FOUR~~ **THREE** of IC 6-3.5-1.5-1(a) that is used by the department of local government finance and the department of state revenue to determine the tax rate under this section, the excess shall be deposited in the county stabilization fund. Money shall be distributed from the county stabilization fund in a year by the county auditor to political subdivisions entitled to a distribution of tax revenue attributable to the tax rate under this section if:

(1) the certified distributions attributable to a tax rate under this section are less than the amount calculated under STEP ONE through STEP ~~FOUR~~ **THREE** of IC 6-3.5-1.5-1(a) that is used by the department of local government finance and the department of state revenue to determine the tax rate under this section for a year; or

(2) the certified distributions attributable to a tax rate under this

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section in a year are less than the certified distributions attributable to a tax rate under this section in the preceding year. However, subdivision (2) does not apply to the year following the first year in which certified distributions of revenue attributable to the tax rate under this section are distributed to the county.

(p) Notwithstanding any other provision, a tax rate imposed under this section may not exceed one percent (1%).

(q) The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this section.

SECTION 11. IC 6-3.5-1.5-1, AS AMENDED BY P.L.1-2008, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 1. (a) The department of local government finance and the department of state revenue shall, before July 1 of each year, jointly calculate the county adjusted income tax rate or county option income tax rate (as applicable) that must be imposed in a county to raise income tax revenue in the following year equal to the sum of the following STEPS:

STEP ONE: Determine the greater of zero (0) or the result of:

(1) the department of local government finance's estimate of the sum of the maximum permissible ad valorem property tax levies calculated under IC 6-1.1-18.5 for all political subdivisions in the county for the ensuing calendar year (before any adjustment under IC 6-1.1-18.5-3(g) or IC 6-1.1-18.5-3(h) for the ensuing calendar year); minus

(2) the sum of the maximum permissible ad valorem property tax levies calculated under IC 6-1.1-18.5 for all political subdivisions in the county for the current calendar year.

In the case of a civil taxing unit that is located in more than one (1) county, the department of local government finance shall, for purposes of making the determination under this subdivision, apportion the civil taxing unit's maximum permissible ad valorem property tax levy among the counties in which the civil taxing unit is located.

STEP TWO: Determine the greater of zero (0) or the result of:

(1) the department of local government finance's estimate of the family and children property tax levy that will be imposed by the county under IC 12-19-7-4 for the ensuing calendar year (before any adjustment under IC 12-19-7-4(b) for the ensuing calendar year); minus

(2) the county's family and children property tax levy imposed by the county under IC 12-19-7-4 for the current calendar year.

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1 ~~STEP THREE:~~ **TWO:** Determine the greater of zero (0) or the
 2 result of:

3 (1) the department of local government finance's estimate of
 4 the children's psychiatric residential treatment services
 5 property tax levy that will be imposed by the county under
 6 IC 12-19-7.5-6 for the ensuing calendar year (before any
 7 adjustment under IC 12-19-7.5-6(b) for the ensuing calendar
 8 year); minus

9 (2) the children's psychiatric residential treatment services
 10 property tax imposed by the county under IC 12-19-7.5-6 for
 11 the current calendar year.

12 ~~STEP FOUR:~~ **THREE:** Determine the greater of zero (0) or the
 13 result of:

14 (1) the department of local government finance's estimate of
 15 the county's maximum community mental health centers
 16 property tax levy under IC 12-29-2-2 for the ensuing calendar
 17 year (before any adjustment under IC 12-29-2-2(c) for the
 18 ensuing calendar year); minus

19 (2) the county's maximum community mental health centers
 20 property tax levy under IC 12-29-2-2 for the current calendar
 21 year.

22 (b) In the case of a county that wishes to impose a tax rate under
 23 IC 6-3.5-1.1-24 or IC 6-3.5-6-30 (as applicable) for the first time, the
 24 department of local government finance and the department of state
 25 revenue shall jointly estimate the amount that will be calculated under
 26 subsection (a) in the second year after the tax rate is first imposed. The
 27 department of local government finance and the department of state
 28 revenue shall calculate the tax rate under IC 6-3.5-1.1-24 or
 29 IC 6-3.5-6-30 (as applicable) that must be imposed in the county in the
 30 second year after the tax rate is first imposed to raise income tax
 31 revenue equal to the estimate under this subsection.

32 (c) The department and the department of local government finance
 33 shall make the calculations under subsections (a) and (b) based on the
 34 best information available at the time the calculation is made.

35 SECTION 12. IC 6-3.5-6-17, AS AMENDED BY P.L.224-2007,
 36 SECTION 78, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 37 JANUARY 1, 2009]: Sec. 17. (a) Revenue derived from the imposition
 38 of the county option income tax shall, in the manner prescribed by this
 39 section, be distributed to the county that imposed it. The amount that
 40 is to be distributed to a county during an ensuing calendar year equals
 41 the amount of county option income tax revenue that the department,
 42 after reviewing the recommendation of the budget agency, determines

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1 has been:

2 (1) received from that county for a taxable year ending in a
3 calendar year preceding the calendar year in which the
4 determination is made; and

5 (2) reported on an annual return or amended return processed by
6 the department in the state fiscal year ending before July 1 of the
7 calendar year in which the determination is made;

8 as adjusted (as determined after review of the recommendation of the
9 budget agency) for refunds of county option income tax made in the
10 state fiscal year.

11 (b) Before August 2 of each calendar year, the department, after
12 reviewing the recommendation of the budget agency, shall certify to the
13 county auditor of each adopting county the amount determined under
14 subsection (a) plus the amount of interest in the county's account that
15 has accrued and has not been included in a certification made in a
16 preceding year. The amount certified is the county's "certified
17 distribution" for the immediately succeeding calendar year. The amount
18 certified shall be adjusted, as necessary, under subsections (c), (d), (e),
19 and (f). The department shall provide with the certification an
20 informative summary of the calculations used to determine the certified
21 distribution. The department shall also certify information concerning
22 the part of the certified distribution that is attributable to a tax rate
23 under section 30, 31, or 32 of this chapter. This information must be
24 certified to the county auditor and to the department of local
25 government finance not later than September 1 of each calendar year.
26 The part of the certified distribution that is attributable to a tax rate
27 under section 30, 31, or 32 of this chapter may be used only as
28 specified in those provisions.

29 (c) The department shall certify an amount less than the amount
30 determined under subsection (b) if the department, after reviewing the
31 recommendation of the budget agency, determines that the reduced
32 distribution is necessary to offset overpayments made in a calendar
33 year before the calendar year of the distribution. The department, after
34 reviewing the recommendation of the budget agency, may reduce the
35 amount of the certified distribution over several calendar years so that
36 any overpayments are offset over several years rather than in one (1)
37 lump sum.

38 (d) The department, after reviewing the recommendation of the
39 budget agency, shall adjust the certified distribution of a county to
40 correct for any clerical or mathematical errors made in any previous
41 certification under this section. The department, after reviewing the
42 recommendation of the budget agency, may reduce the amount of the

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certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(e) This subsection applies to a county that:

(1) initially imposed the county option income tax; or

(2) increases the county option income tax rate;

under this chapter in the same calendar year in which the department makes a certification under this section. The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The department shall provide for a full transition to certification of distributions as provided in subsection (a)(1) through (a)(2) in the manner provided in subsection (c).

(f) This subsection applies in the year a county initially imposes a tax rate under section 30 of this chapter. Notwithstanding any other provision, the department shall adjust the part of the county's certified distribution that is attributable to the tax rate under section 30 of this chapter to provide for a distribution in the immediately following calendar year equal to the result of:

(1) the sum of the amounts determined under STEP ONE through STEP ~~FOUR~~ **THREE** of IC 6-3.5-1.5-1(a) in the year in which the county initially imposes a tax rate under section 30 of this chapter; multiplied by

(2) the following:

(A) In a county containing a consolidated city, one and five-tenths (1.5).

(B) In a county other than a county containing a consolidated city, two (2).

(g) One-twelfth (1/12) of each adopting county's certified distribution for a calendar year shall be distributed from its account established under section 16 of this chapter to the appropriate county treasurer on the first day of each month of that calendar year.

(h) Upon receipt, each monthly payment of a county's certified distribution shall be allocated among, distributed to, and used by the civil taxing units of the county as provided in sections 18 and 19 of this chapter.

(i) All distributions from an account established under section 16 of this chapter shall be made by warrants issued by the auditor of state to the treasurer of state ordering the appropriate payments.

SECTION 13. IC 6-3.5-6-18.5, AS AMENDED BY P.L.234-2005, SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE

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JANUARY 1, 2009]: Sec. 18.5. (a) This section applies to a county containing a consolidated city.

(b) Notwithstanding section 18(e) of this chapter, the distributive shares that each civil taxing unit in a county containing a consolidated city is entitled to receive during a month equals the following:

(1) For the calendar year beginning January 1, 1995, calculate the total amount of revenues that are to be distributed as distributive shares during that month multiplied by the following factor:

Center Township	.0251
Decatur Township	.00217
Franklin Township	.0023
Lawrence Township	.01177
Perry Township	.01130
Pike Township	.01865
Warren Township	.01359
Washington Township	.01346
Wayne Township	.01307
Lawrence-City	.00858
Beech Grove	.00845
Southport	.00025
Speedway	.00722
Indianapolis/Marion County	.86409

(2) Notwithstanding subdivision (1), for the calendar year beginning January 1, 1995, the distributive shares for each civil taxing unit in a county containing a consolidated city shall be not less than the following:

Center Township	\$1,898,145
Decatur Township	\$164,103
Franklin Township	\$173,934
Lawrence Township	\$890,086
Perry Township	\$854,544
Pike Township	\$1,410,375
Warren Township	\$1,027,721
Washington Township	\$1,017,890
Wayne Township	\$988,397
Lawrence-City	\$648,848
Beech Grove	\$639,017
Southport	\$18,906
Speedway	\$546,000

(3) For each year after 1995, calculate the total amount of revenues that are to be distributed as distributive shares during that month as follows:

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- 1 STEP ONE: Determine the total amount of revenues that were
- 2 distributed as distributive shares during that month in calendar
- 3 year 1995.
- 4 STEP TWO: Determine the total amount of revenue that the
- 5 department has certified as distributive shares for that month
- 6 under section 17 of this chapter for the calendar year.
- 7 STEP THREE: Subtract the STEP ONE result from the STEP
- 8 TWO result.
- 9 STEP FOUR: If the STEP THREE result is less than or equal
- 10 to zero (0), multiply the STEP TWO result by the ratio
- 11 established under subdivision (1).
- 12 STEP FIVE: Determine the ratio of:
- 13 (A) the maximum permissible property tax levy under
- 14 IC 6-1.1-18.5 ~~IC 12-19-7~~, and IC 12-19-7.5 for each civil
- 15 taxing unit for the calendar year in which the month falls,
- 16 plus, for a county, an amount equal to the property taxes
- 17 imposed by the county in 1999 for the county's welfare fund
- 18 and welfare administration fund; divided by
- 19 (B) the sum of the maximum permissible property tax levies
- 20 under IC 6-1.1-18.5 ~~IC 12-19-7~~, and IC 12-19-7.5 for all
- 21 civil taxing units of the county during the calendar year in
- 22 which the month falls, and an amount equal to the property
- 23 taxes imposed by the county in 1999 for the county's welfare
- 24 fund and welfare administration fund.
- 25 STEP SIX: If the STEP THREE result is greater than zero (0),
- 26 the STEP ONE amount shall be distributed by multiplying the
- 27 STEP ONE amount by the ratio established under subdivision
- 28 (1).
- 29 STEP SEVEN: For each taxing unit determine the STEP FIVE
- 30 ratio multiplied by the STEP TWO amount.
- 31 STEP EIGHT: For each civil taxing unit determine the
- 32 difference between the STEP SEVEN amount minus the
- 33 product of the STEP ONE amount multiplied by the ratio
- 34 established under subdivision (1). The STEP THREE excess
- 35 shall be distributed as provided in STEP NINE only to the civil
- 36 taxing units that have a STEP EIGHT difference greater than
- 37 or equal to zero (0).
- 38 STEP NINE: For the civil taxing units qualifying for a
- 39 distribution under STEP EIGHT, each civil taxing unit's share
- 40 equals the STEP THREE excess multiplied by the ratio of:
- 41 (A) the maximum permissible property tax levy under
- 42 IC 6-1.1-18.5 ~~IC 12-19-7~~, and IC 12-19-7.5 for the

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qualifying civil taxing unit during the calendar year in which the month falls, plus, for a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund; divided by

(B) the sum of the maximum permissible property tax levies under IC 6-1.1-18.5 ~~IC 12-19-7~~, and IC 12-19-7.5 for all qualifying civil taxing units of the county during the calendar year in which the month falls, and an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund.

SECTION 14. IC 6-3.5-6-30, AS ADDED BY P.L.224-2007, SECTION 83, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 30. (a) In a county in which the county option income tax is in effect, the county income tax council may, before August 1 of a year, adopt an ordinance to impose or increase (as applicable) a tax rate under this section.

(b) In a county in which neither the county option adjusted gross income tax nor the county option income tax is in effect, the county income tax council may, before August 1 of a year, adopt an ordinance to impose a tax rate under this section.

(c) An ordinance adopted under this section takes effect October 1 of the year in which the ordinance is adopted. If a county income tax council adopts an ordinance to impose or increase a tax rate under this section, the county auditor shall send a certified copy of the ordinance to the department and the department of local government finance by certified mail.

(d) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(e) The following apply only in the year in which a county income tax council first imposes a tax rate under this section:

(1) The county income tax council shall, in the ordinance imposing the tax rate, specify the tax rate for each of the following two (2) years.

(2) The tax rate that must be imposed in the county from October 1 of the year in which the tax rate is imposed through September 30 of the following year is equal to the result of:

(A) the tax rate determined for the county under IC 6-3.5-1.5-1(a) in that year; multiplied by

(B) the following:

(i) In a county containing a consolidated city, one and

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1 five-tenths (1.5).

2 (ii) In a county other than a county containing a consolidated
3 city, two (2).

4 (3) The tax rate that must be imposed in the county from October
5 1 of the following year through September 30 of the year after the
6 following year is the tax rate determined for the county under
7 IC 6-3.5-1.5-1(b). The tax rate under this subdivision continues
8 in effect in later years unless the tax rate is increased under this
9 section.

10 (4) The levy limitations in IC 6-1.1-18.5-3(g), IC 6-1.1-18.5-3(h),
11 ~~IC 12-19-7-4(b)~~, IC 12-19-7.5-6(b), and IC 12-29-2-2(c) apply to
12 property taxes first due and payable in the ensuing calendar year
13 and to property taxes first due and payable in the calendar year
14 after the ensuing calendar year.

15 (f) The following apply only in a year in which a county income tax
16 council increases a tax rate under this section.

17 (1) The county income tax council shall, in the ordinance
18 increasing the tax rate, specify the tax rate for the following year.

19 (2) The tax rate that must be imposed in the county from October
20 1 of the year in which the tax rate is increased through September
21 30 of the following year is equal to the result of:

22 (A) the tax rate determined for the county under
23 IC 6-3.5-1.5-1(a) in the year the tax rate is increased; plus

24 (B) the tax rate currently in effect in the county under this
25 section.

26 The tax rate under this subdivision continues in effect in later
27 years unless the tax rate is increased under this section.

28 (3) The levy limitations in IC 6-1.1-18.5-3(g), IC 6-1.1-18.5-3(h),
29 ~~IC 12-19-7-4(b)~~, IC 12-19-7.5-6(b), and IC 12-29-2-2(c) apply to
30 property taxes first due and payable in the ensuing calendar year.

31 (g) The department of local government finance shall determine the
32 following property tax replacement distribution amounts:

33 STEP ONE: Determine the sum of the amounts determined under
34 STEP ONE through STEP ~~FOUR~~ **THREE** of IC 6-3.5-1.5-1(a)
35 for the county in the preceding year.

36 STEP TWO: For distribution to each civil taxing unit that in the
37 year had a maximum permissible property tax levy limited under
38 IC 6-1.1-18.5-3(g), determine the result of:

39 (1) the quotient of:

40 (A) the part of the amount determined under STEP ONE of
41 IC 6-3.5-1.5-1(a) in the preceding year that was attributable
42 to the civil taxing unit; divided by

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- 1 (B) the STEP ONE amount; multiplied by
 2 (2) the tax revenue received by the county treasurer under this
 3 section.
 4 ~~STEP THREE:~~ For distribution to the county for deposit in the
 5 county family and children's fund; determine the result of:
 6 (1) the quotient of:
 7 (A) the amount determined under STEP TWO of
 8 IC 6-3.5-1.5-1(a) in the preceding year; divided by
 9 (B) the STEP ONE amount; multiplied by
 10 (2) the tax revenue received by the county treasurer under this
 11 section.
 12 ~~STEP FOUR:~~ **THREE:** For distribution to the county for deposit
 13 in the county children's psychiatric residential treatment services
 14 fund, determine the result of:
 15 (1) the quotient of:
 16 (A) the amount determined under STEP ~~THREE~~ TWO of
 17 IC 6-3.5-1.5-1(a) in the preceding year; divided by
 18 (B) the STEP ONE amount; multiplied by
 19 (2) the tax revenue received by the county treasurer under this
 20 section.
 21 ~~STEP FIVE:~~ **FOUR:** For distribution to the county for community
 22 mental health center purposes, determine the result of:
 23 (1) the quotient of:
 24 (A) the amount determined under STEP ~~FOUR~~ **THREE** of
 25 IC 6-3.5-1.5-1(a) in the preceding year; divided by
 26 (B) the STEP ONE amount; multiplied by
 27 (2) the tax revenue received by the county treasurer under this
 28 section.
 29 Except as provided in subsection (m), the county treasurer shall
 30 distribute the portion of the certified distribution that is attributable to
 31 a tax rate under this section as specified in this section. The county
 32 treasurer shall make the distributions under this subsection at the same
 33 time that distributions are made to civil taxing units under section 18
 34 of this chapter.
 35 (h) Notwithstanding sections 12 and 12.5 of this chapter, a county
 36 income tax council may not decrease or rescind a tax rate imposed
 37 under this chapter.
 38 (i) The tax rate under this section shall not be considered for
 39 purposes of computing:
 40 (1) the maximum income tax rate that may be imposed in a county
 41 under section 8 or 9 of this chapter or any other provision of this
 42 chapter; or

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(2) the maximum permissible property tax levy under STEP EIGHT of IC 6-1.1-18.5-3(b).

(j) The tax levy under this section shall not be considered for purposes of computing the total county tax levy under IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5).

(k) A distribution under this section shall be treated as a part of the receiving civil taxing unit's property tax levy for that year for purposes of fixing its budget and for determining the distribution of taxes that are distributed on the basis of property tax levies.

(l) If a county income tax council imposes a tax rate under this section, the county option income tax rate dedicated to locally funded homestead credits in the county may not be decreased.

(m) In the year following the year in which a county first imposes a tax rate under this section:

(1) one-third ($1/3$) of the tax revenue that is attributable to the tax rate under this section must be deposited in the county stabilization fund established under subsection (o), in the case of a county containing a consolidated city; and

(2) one-half ($1/2$) of the tax revenue that is attributable to the tax rate under this section must be deposited in the county stabilization fund established under subsection (o), in the case of a county not containing a consolidated city.

(n) A pledge of county option income taxes does not apply to revenue attributable to a tax rate under this section.

(o) A county stabilization fund is established in each county that imposes a tax rate under this section. The county stabilization fund shall be administered by the county auditor. If for a year the certified distributions attributable to a tax rate under this section exceed the amount calculated under STEP ONE through STEP ~~FOUR~~ **THREE** of IC 6-3.5-1.5-1(a) that is used by the department of local government finance and the department of state revenue to determine the tax rate under this section, the excess shall be deposited in the county stabilization fund. Money shall be distributed from the county stabilization fund in a year by the county auditor to political subdivisions entitled to a distribution of tax revenue attributable to the tax rate under this section if:

(1) the certified distributions attributable to a tax rate under this section are less than the amount calculated under STEP ONE through STEP ~~FOUR~~ **THREE** of IC 6-3.5-1.5-1(a) that is used by the department of local government finance and the department of state revenue to determine the tax rate under this section for a year; or

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(2) the certified distributions attributable to a tax rate under this section in a year are less than the certified distributions attributable to a tax rate under this section in the preceding year. However, subdivision (2) does not apply to the year following the first year in which certified distributions of revenue attributable to the tax rate under this section are distributed to the county.

(p) Notwithstanding any other provision, a tax rate imposed under this section may not exceed one percent (1%).

(q) The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this section.

(r) Notwithstanding any other provision, in Lake County the county council (and not the county income tax council) is the entity authorized to take actions concerning the additional tax rate under this section.

SECTION 15. IC 6-3.5-8-12 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 12. (a) If the fiscal body of a municipality in a qualifying county adopts an ordinance under section 11(a) of this chapter, the department of local government finance may not certify a budget for the municipality under IC 6-1.1-17-16(f) for the 2002 calendar year that is greater than ninety-seven percent (97%) of the budget of the municipality certified by the department for the 2001 calendar year. The department of local government finance may not certify a budget for the municipality under IC 6-1.1-17-16(f) for any later calendar year that is greater than ninety-seven percent (97%) of the budget of the municipality certified by the department for the calendar year that immediately precedes the later calendar year.

(b) If the fiscal body of a municipality in a qualifying county adopts an ordinance in a calendar year under section 11(c) of this chapter, the department of local government finance may not certify a budget for the municipality under IC 6-1.1-17-16(f) for the calendar year that immediately succeeds the calendar year in which the ordinance is adopted that is greater than ninety-seven percent (97%) of the budget of the municipality certified by the department for the calendar year in which the ordinance was adopted. The department of local government finance may not certify a budget for the municipality under IC 6-1.1-17-16(f) for any later calendar year that is greater than ninety-seven percent (97%) of the budget of the municipality certified by the department for the calendar year that immediately precedes the later calendar year.

(c) Before July 1 of 2002 and of each year thereafter, the department of local government finance shall review the budget approved for each

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1 municipality in a qualifying county in which a municipal option income
 2 tax is in effect to determine whether the restriction under subsection (a)
 3 or (b) has been applied. If the restriction has not been applied:

4 (1) the municipal option income tax is rescinded as of July 1 of
 5 the year in which the review was made;

6 (2) the municipality may not impose the municipal option income
 7 tax for any later year; and

8 (3) the municipality is:

9 (A) subject to subsection (d), if the municipality adopted the
 10 municipal option income tax in 2002; or

11 (B) subject to subsection (e), if the municipality adopted the
 12 municipal option income tax in a year that succeeds 2002.

13 ~~(d) In May 2003, the department of state revenue shall determine for~~
 14 ~~each municipality subject to this subsection the amount of tax revenue~~
 15 ~~collected for the municipality after August 31, 2001, and before July 1,~~
 16 ~~2002. The department of state revenue shall immediately notify the~~
 17 ~~municipality of the amount determined under this subsection. Not later~~
 18 ~~than thirty (30) days after receiving notification from the department~~
 19 ~~of state revenue, the municipality shall transfer the amount determined~~
 20 ~~by the department under this subsection from the municipality's general~~
 21 ~~fund to the county family and children's fund of the qualifying county~~
 22 ~~in which the municipality is located.~~

23 ~~(e) In May 2004, and in May of each year thereafter, the department~~
 24 ~~of state revenue shall determine for each municipality subject to this~~
 25 ~~subsection the amount of tax revenue collected for the municipality~~
 26 ~~after June 30 of the calendar year that precedes by two (2) years the~~
 27 ~~calendar year in which the determination is made and before July 1 of~~
 28 ~~the year that immediately precedes the calendar year in which the~~
 29 ~~determination is made. The department of state revenue shall~~
 30 ~~immediately notify the municipality of the amount determined under~~
 31 ~~this subsection. Not later than thirty (30) days after receiving~~
 32 ~~notification from the department of state revenue, the municipality~~
 33 ~~shall transfer the amount determined by the department under this~~
 34 ~~section from the municipality's general fund to the county family and~~
 35 ~~children's fund of the qualifying county in which the municipality is~~
 36 ~~located.~~

37 (f) If a municipality makes a transfer from its general fund to the
 38 county's family and children's fund as described in subsection (d) or
 39 (e), the department of local government finance shall reduce by the
 40 amount transferred the county's maximum family and children's fund
 41 levy under IC 6-1.1-18.6 for the calendar year that immediately
 42 succeeds the year in which the transfer is made.

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(g) (d) This subsection applies if the fiscal body of a municipality in a qualifying county adopts an ordinance under section 11 of this chapter to impose a municipal option income tax. The maximum permissible ad valorem property tax levy of the municipality is not subject to any increase under IC 6-1.1-18.5-3(a) or IC 6-1.1-18.5-3(b) for taxes payable in:

(1) the calendar year that immediately succeeds the calendar year in which the ordinance is adopted; and

(2) each succeeding calendar year in which the municipal option income tax remains in effect.

(h) (e) This subsection applies if the fiscal body of a municipality in a qualifying county adopts an ordinance under section 14 of this chapter to rescind the municipal option income tax, or if the municipal option income tax in a municipality is rescinded by operation of law. For purposes of IC 6-1.1-18.5-3(a) STEP ONE or IC 6-1.1-18.5-3(b) STEP ONE, the preceding calendar year is considered to be the calendar year in which an ordinance was adopted under section 11 of this chapter to impose the municipal option income tax.

SECTION 16. IC 12-19-5-1, AS AMENDED BY P.L.234-2005, SECTION 48, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 1. (a) In addition to the other method of welfare financing provided by this article, the department may conduct a public hearing to determine whether to recommend to a county to borrow money under this chapter on a short term basis to fund:

(1) child services under IC 12-19-7-1;

(2) (1) children's psychiatric residential treatment services under IC 12-19-7.5; or

(3) (2) other welfare services in the county payable from the family and children's fund or the children's psychiatric residential treatment services fund;

if the department determines that the family and children's fund or the children's psychiatric residential treatment services fund will be exhausted before the end of a fiscal year.

(b) In the hearing, the department must present facts that show the following:

(1) That the amount of money in the family and children's fund or the children's psychiatric residential treatment services fund will be insufficient to fund the appropriate services within the county under this article.

(2) The amount of money that the department estimates will be needed to fund that deficit.

SECTION 17. IC 12-19-5-9, AS AMENDED BY P.L.234-2005,

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SECTION 51, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 9. The department or a county fiscal body may not do the following:

(1) Recommend or approve a request to borrow money made under this chapter unless the body determines that the ~~family and children's fund or the~~ children's psychiatric residential treatment services fund will be exhausted before the particular fund can fund all county obligations incurred under this article.

(2) Recommend or approve a loan that will exceed the amount of the estimated deficit.

SECTION 18. IC 12-19-7-3, AS AMENDED BY P.L.224-2007, SECTION 98, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 3. (a) A family and children's fund is established in each county. ~~The fund shall be raised by a separate tax levy (the county family and children property tax levy) that:~~

(1) is in addition to all other tax levies authorized; and

(2) shall be levied annually by the county fiscal body on all taxable property in the county in the amount necessary to raise the part of the fund that the county must raise to pay the items, awards, claims, allowances, assistance, and other expenses set forth in the annual budget under section 6 of this chapter.

(b) The tax imposed under this section shall be collected as other state and county ad valorem taxes are collected.

(c) (b) The following shall be paid into the county treasury and constitute the family and children's fund:

(1) All receipts from the tax imposed under this section.

(2) All grants-in-aid, whether received from the federal government or state government.

(3) ~~Any local option income taxes distributed to the county to replace growth in the family and children's fund levy.~~

(3) The amount distributed to a county auditor under section 35 of this chapter for the purpose of paying for child services.

(4) Any other money required by law to be placed in the fund.

(d) (c) The fund is available for the purpose of paying expenses and obligations set forth in the annual budget that is submitted and approved.

(e) (d) Money in the fund at the end of a budget year does not revert to the county general fund.

SECTION 19. IC 12-19-7-9, AS AMENDED BY P.L.234-2005, SECTION 60, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 9. The budget ~~and the tax levy~~ recommended by the department shall be:

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(1) certified to the county auditor; **and**

(2) filed for consideration by the county fiscal body. ~~and~~

~~(3) filed with the department of local government finance.~~

SECTION 20. IC 12-19-7-11, AS AMENDED BY P.L.234-2005, SECTION 61, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 11. In September of each year, at the time provided by law, the county fiscal body shall ~~do the following:~~

~~(1)~~ make the appropriations out of the family and children's fund that are:

~~(A)~~ **(1)** based on the budget as submitted; and

~~(B)~~ **(2)** necessary to pay the child services of the county for the next fiscal year.

~~(2) Levy a tax in an amount necessary to produce the appropriated money.~~

SECTION 21. IC 12-19-7-15, AS AMENDED BY P.L.234-2005, SECTION 63, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 15. (a) If at any time the department determines that the family and children's fund is exhausted or will be exhausted before the close of a fiscal year, the department shall prepare an estimate and statement showing the amount of money, in addition to the money already made available, that will be necessary to defray the expenses of the department and pay the obligations of the department, excluding administrative expenses and facilities, supplies, and equipment expenses for the department, in the administration of the department's activities for the unexpired part of the fiscal year.

(b) The department shall do the following:

(1) Certify the estimate and statement to the county executive.

(2) File the estimate and statement with the county auditor.

~~(3) File the estimate and statement with the department of local government finance.~~

SECTION 22. IC 12-19-7-16, AS AMENDED BY P.L.234-2005, SECTION 64, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 16. ~~(a)~~ The county executive shall consider and ~~act~~ **adopt a supplemental budget appropriation** upon an estimate and statement under section 15 of this chapter at:

(1) the county executive's regular session immediately following the filing of the estimate and statement; or

(2) a special session that is:

(A) called for the purpose of considering and acting upon the estimate and statement; and

(B) called before the executive's regular session described in subdivision (1);

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without a public hearing notice and public hearing that would otherwise be required under IC 6-1.1-18-5 to adopt a supplemental budget.

(b) The county executive shall, for and on behalf of the county, borrow sufficient money to carry out the purposes described in section 15 of this chapter if after consideration of the estimate and statement the county executive finds the following:

(1) That the department has not certified a recommendation to borrow money under IC 12-19-5.

(2) That the amount of money required, in addition to any money already available, to defray the expenses and pay the obligations of the department in the administration of the county's child services for the unexpired part of the fiscal year, is greater than the amount of money that may be advanced from the general fund of the county.

(c) If the county executive fails to borrow sufficient money to carry out the purposes under section 15 of this chapter either under this chapter or IC 12-19-5, the department may appeal to the department of local government finance for a determination. A copy of the appeal must be filed with the county fiscal body. The department of local government finance shall immediately conduct a hearing in the county on an appeal filed under this subsection. If the department determines that insufficient money is available to carry out the purposes under section 15 of this chapter, the department of local government finance shall issue an appropriate order. The order may allow the county to reduce its general fund budget and transfer sufficient money to the fund or require the county to borrow money for the fund to carry out the purposes under section 15 of this chapter.

SECTION 23. IC 12-19-7-35 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: **Sec. 35. The department shall, on the schedule determined by the budget agency, distribute to a county auditor for deposit in the fund the amount appropriated for child services under sections 11 and 16 of this chapter less any unencumbered balance on the fund that is available to pay expenditures for child services. Advance distributions under this section shall be made in a manner and on a schedule that avoids the necessity for a county to transfer money to the fund from another fund or to issue bonds or enter into loans to pay the costs of child services as the obligations become due.**

SECTION 24. THE FOLLOWING ARE REPEALED [EFFECTIVE JANUARY 1, 2009]: IC 12-19-7-4; IC 12-19-7-7; IC 12-19-7-11.1;

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1 IC 12-19-7-17; IC 12-19-7-18; IC 12-19-7-19; IC 12-19-7-20;
 2 IC 12-19-7-21; IC 12-19-7-22; IC 12-19-7-23; IC 12-19-7-24;
 3 IC 12-19-7-25; IC 12-19-7-26; IC 12-19-7-27; IC 12-19-7-28;
 4 IC 12-19-7-29; IC 12-19-7-30; IC 12-19-7-31; IC 12-19-7-32;
 5 IC 12-19-7-33.

6 SECTION 25. [EFFECTIVE JULY 1, 2008] (a) **An amount that**
 7 **would have been levied after December 31, 2008, from a county**
 8 **family and children's fund for:**

9 (1) **the repayment of a loan from another fund; or**

10 (2) **the payment of the principal and interest of a loan under**
 11 **IC 12-19-5 or bonds issued under IC 12-19-7;**

12 **if this act had not been enacted shall be levied after December 31,**
 13 **2007, from a county debt service fund and not the county family**
 14 **and children's fund.**

15 (b) **The ad valorem property tax levy limits imposed by**
 16 **IC 6-1.1-18.5-3 do not apply to ad valorem property taxes imposed**
 17 **by a civil taxing unit to pay or fund an obligation described in this**
 18 **SECTION. For purposes of computing the ad valorem property tax**
 19 **levy limits imposed on a civil taxing unit by IC 6-1.1-18.5-3, the**
 20 **civil taxing unit's ad valorem property tax levy for a calendar year**
 21 **does not include that part of a levy that is committed to fund or pay**
 22 **an obligation described in this SECTION.**

23 (c) **IC 6-1.1-18.5-8(b) does not apply to an obligation to which**
 24 **this SECTION applies, including any levy imposed to refinance the**
 25 **obligation.**

26 (d) **A levy to pay an obligation described in this SECTION is not**
 27 **part of a county's total county tax levy (as defined in IC 6-1.1-21-2,**
 28 **as amended by this act) for purposes of calculating property tax**
 29 **replacement credits or homestead credits.**

30 (e) **IC 12-19-7-11, as amended by this act, and the repeal of**
 31 **IC 12-19-7-4 and IC 12-19-7-7 by this act do not apply to the 2008**
 32 **child services budget or the 2008 property tax levy for the family**
 33 **and children's fund. A county and the department of child services**
 34 **shall, in 2008, prepare and adopt the 2009 budget for child services**
 35 **in conformity with IC 12-19-7-11, as amended by this act, and in a**
 36 **manner that treats IC 12-19-7-4 and IC 12-19-7-7 as repealed.**

37 (f) **Notwithstanding IC 6-3.5-1.1-24 and IC 6-3.5-6-30, both as**
 38 **effective before January 1, 2009, a rate adopted under either of**
 39 **these provisions before April 1, 2008, to apply from October 1,**
 40 **2008, through September 30, 2009, shall be reduced as determined**
 41 **by the department of state revenue to reflect the elimination of the**
 42 **county's obligation to impose a property tax levy for the county's**

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1 family and children's fund. The reduced rate becomes the rate that
2 applies in later years under these provisions until amended as
3 permitted by law.

4 (g) In addition to all other appropriations made to the
5 department of child services, there is appropriated to the
6 department of child services from the state general fund the
7 amount necessary to make the distributions to counties required
8 under IC 12-19-7-35, as added by this act, for child services (as
9 defined in IC 12-19-7-1) provided after January 1, 2009. The
10 appropriation in this subsection is for the state fiscal year
11 beginning July 1, 2008, and ending June 30, 2009.

12 SECTION 26. An emergency is declared for this act.

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